

## Message Text

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ORIGIN AF-10

INFO OCT-01 ISO-00 EB-08 L-03 TRSE-00 AID-05 STR-07  
SSO-00 NSCE-00 INRE-00 ICAE-00 SS-15 SP-02 OMB-01  
OPIC-03 CIAE-00 INR-10 NSAE-00 /065 R

DRAFTED BY AF/E:KPGARLAND:CJ  
APPROVED BY AF/E:GRBEYER  
EB/IFD/OIA:DGRANT  
L/EB:SGUDGEON  
TREASURY:HSHAPIRO  
AF/EP:WGALLAGHER  
AID/AFR:HNORTH

-----046232 182253Z /15  
O 182228Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY ADDIS ABABA IMMEDIATE

C O N F I D E N T I A L STATE 211029

E.O. 11652: GDS

TAGS: EINV, EAID, ET

SUBJECT: AID, COMPENSATION AND APPROACH TO MENGISTU

REF: A) ADDIS ABABA 3612; B) ADDIS ABABA 3626;  
C) STATE 208135; D) ADDIS ABABA 3653

1. AMBASSADOR IS CORRECT IN ASSUMING REF A THAT "FCN  
TREATY" USED IN REF A REFERS TO TREATY OF AMITY AND  
ECONOMIC RELATIONS OF 1953.

2. UNLESS THE USG IS ACTUALLY ESPOUSING A CLAIM,  
WE PREFER THAT EMBASSIES AVOID DISCUSSION OF DOLLAR  
VALUE AND, BY IMPLICATION, MERIT OF CLAIMS AND JUST PUSH  
CONCEPT OF EARLY NEGOTIATIONS (WHICH YOU HAVE BEEN DOING  
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SO VERY WELL). THIS IS TO AVOID THE APPEARANCE OF USG  
OFFICIALS ACTUALLY GETTING INVOLVED IN THE CLAIMS NEGO-  
TIATING PROCESS. IF ABSOLUTELY NECESSARY, HOWEVER, YOU  
MAY CONTINUE TO USE DOLLAR VALUE FOR KALSEC CLAIM AS ON  
FILE WITH THE ETHIOPIAN COMPENSATION COMMISSION. IF  
ASKED, YOU MAY USE DOLLAR VALUE OF OTHER CLAIMS AS ON FILE  
WITH COMPENSATION COMMISSION.

3. UNDERSTAND AND CONCUR IN YOUR DESIRE EXPRESSED

IN REF B TO RECAST FIRST TALKING POINT REF C SO AS TO CREATE BEST FRAMEWORK TO DESCRIBE AID PROGRAM WHICH ETHIOPIA WILL LOSE IF IT DOES NOT MAKE SIGNIFICANT PROGRESS SOON IN COMPENSATING US FIRMS. WHILE YOU MAY CHANGE FIRST TALKING POINT, YOU SHOULD BEAR IN MIND FOLLOWING FROM AID/AFR: QTE BELIEVE YOU SHOULD BE MOST CIRCUMSPECT AND NON-SPECIFIC CONCERNING AMOUNTS OF AID IN FY '79 AS ENTIRE AFR BUREAU BUDGET IS UNDERGOING IN DEPTH REVIEW WHICH SO FAR HAS RESULTED IN CUTS TO A NUMBER OF PROGRAMS, INCLUDING THAT OF USAID/ETHIOPIA. ALSO MISSION CANNOT ASSUME AS IT HAS DONE THAT THE FUNDS NOT AVAILABLE FOR THE AGR SECTOR GRANT IN FY '78 ARE AUTOMATICALLY SLIPPED TO FY'79 AND ARE THUS ADDITIVE TO PROGRAMMED FY'79 PROGRAM. THAT IS NOT RPT NOT THE CASE. WE CAN ONLY SAY THAT AFR WILL MAKE EVERY ATTEMPT AT THE TIME PROJECT IS FINALLY THROUGH THE AUTHORIZATION PROCESS TO MAKE FUNDS AVAILABLE. AS OF THIS MOMENT FY '79 BUDGET TOTALS DOLS 11.1 MILLION WHICH INCLUDES DOLS 6.1 MILLION FOR RURAL ROADS AND NOTHING RPT NOTHING FOR AGR SECTOR GRANT. FY '80 BUDGET TOTALS DOLS 9.3 MILLION. YOU HAVE OUR EVERY ASSURANCE THAT MASSIVE EFFORTS WILL BE MADE TO RESTORE CUTS. THEREFORE IN CIRCUMSTANCES CAN READILY SEE THAT NO PRESENTATION TO PMGSE OF FUTURE AID PROJECT FUNDING SHOULD

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BE MADE, ESPECIALLY CONCERNING UNAUTHORIZED AND UNFUNDED PROJECTS SUCH AS RURAL ROADS AND THE AGR SECTOR GRANT. DISCUSSION SHOULD BE LIMITED TO WHAT HAS GONE ON IN THE PAST WITH REFERENCES TO FUTURE PROGRAMS COUCHED IN NON-SPECIFIC TERMS TO AVOID FUTURE EMBARRASSMENT AND FEELINGS OF ILL WILL IF WE FAIL TO DELIVER. WE CAN OF COURSE DESCRIBE THE DISASTER RELIEF WE HAVE GIVEN AND OUR COMMITMENT TO PROGRAMS IN AGRICULTURE AND RURAL DEVELOPMENT, AND OUR INTENT TO PARTICIPATE IN SUCH PROGRAMS DEPENDING ON AVAILABILITY OF FUNDS PROVIDED BY CONGRESSIONAL ACTION.

END QUOTE.

4. REF D JUST RECEIVED HERE. DEPT CONCURS THAT WE SHOULD NOT TAKE IRREVOCABLE DECISION TO COMMIT US TO THREE AID PROJECTS. WHILE AWAITING FORMIN REACTION TO YOUR POINTS MADE TO BERHANE DERESSA, DEPT WILL BEGIN ADDRESS ISSUE OF PRESIDENTIAL LETTER.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CLAIMS, COMPENSATION, INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** GS  
**Errors:** N/A  
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**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 ADDIS ABABA 3612, 78 ADDIS ABABA 3626  
**Retention:** 0  
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**Review Event:**  
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**Review Withdrawn Fields:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AID, COMPENSATION AND APPROACH TO MENGISTU  
**TAGS:** EINV, EAID, ET, US  
**To:** ADDIS ABABA  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/9549e360-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
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20 Mar 2014  
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